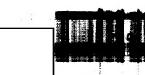
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GENERAL

1. UK pleased with prospects for Palestine settlement--A high UK Foreign Office official has informed US Embassy London of his belief that the UN General Assembly has made a "splendid start" on the Bernadotte plan and that preliminary soundings of some non-Arab delegations show "a strong disposition to go along with the US and UK." The British official believes that strong Arab and Jewish opposition is inevitable throughout the UN discussion but considers this a necessary prelude to acquiescence.



EUROPE

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2. SPAIN: Socialists announce agreement with Monarchists --US Embassy Paris has been informed that an agreement has been reached between the Spanish Monarchists and the exiled Spanish Socialist Party (representing various non-Communist groups in exile) for political collaboration designed to replace Franco with a caretaker regime" preparatory to the creation of a new Spanish constitution. both the Socialists and the Monarchists will present copies of this agreement to the US and western European governments on 6 October. this new coalition intends by grouping all Republicans and Monarchists and excluding the Communists and the Falange to comply with US-British-French demands for a broadly-based substitute government.

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(CIA Comment: This agreement is the first concrete step taken jointly by the opposition groups inside and outside Spain to produce a workable formula for replacing Franco. The effectiveness of the agreement will depend largely on the approbation of the US and western European nations and on the active support of Spanish financiers and industrialists.)

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